

Message Text

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PAGE 01 BRUSSE 05857 121827Z

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ACTION EB-11

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TAGS: ENRG, BE

SUBJECT: RESTRICTIONS ON PETROLEUM EXPORTS

REF: STATE 202351

1. BEGIN SUMMARY: GOB HAS FOR SOME TIME (SEE BRUSSELS A-192, AUGUST 2, 1973) BEEN SPORADICALLY CONSIDERING PETROLEUM PRODUCTS EXPORT RESTRICTIONS AND ISSUE IS AGAIN ALIVE IN GOB POLICY CIRCLES. CABINET SUB-COMMITTEE ON ECONOMIC AND SOCIAL MATTERS DISCUSSED ISSUE FIRST WEEK OF OCTOBER AND IS SCHEDULED TO REVIEW ISSUE AGAIN WEEK OF 15-19, FOLLOWING RECEIPT OF CERTAIN INFORMATION ON STATUS OF PETROLEUM SUPPLIES. END SUMMARY.

2. AT EARLY OCTOBER MEETING CABINET SUB-COMMITTEE REQUESTED TWO REPORTS FROM MINISTRY ECONOMIC AFFAIRS: (1) LEVELS OF EXPORTS SO FAR THIS YEAR AS COMPARED WITH SIMILAR PERIODS IN RECENT PAST AND (2) STOCK POSITION OF PETROLEUM INDUSTRY IN BELGIUM. INDUSTRY SOURCE TELLS US ANSWER TO FIRST QUESTION WILL BE MIXED IN THAT SOME OF LOCAL COMPANIES HAVE SIGNIFICANTLY HIGHER EXPORTS THAN IN PAST YEARS. STOCK POSITION REPORT SHOULD PRODUCE NO SURPRISES FOR GOB. (GOB REGULATIONS REQUIRE EACH COMPANY OPERATING IN BELGIUM TO MAINTAIN STOCK EQUIVALENT TO 65 DAYS OF LIMITED OFFICIAL USE

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PAGE 02 BRUSSE 05857 121827Z

CONSUMPTION FOR EACH OF THREE BASIC COMMODITY CATEGORIES; LIGHT

PRODUCTS, MIDDLE DISTILLATES, RESIDUALS. HOWEVER, BY "GENTLEMEN'S AGREEMENT", COMPANIES HAVE BEEN PERMITTED TO STORE SOME OF THESE STOCKS IN CLOSE-BY STORAGE FACILITIES IN HOLLAND AND GERMANY.)

3. GOB INTEREST IN PETROLEUM SUPPLIES AND EXPORT ACTIVITY IS NOT REPEAT NOT ESSENTIALLY BASED ON COORDINATED CONCERN FOR TOTAL COUNTRY ENERGY NEEDS. AS REPORTED BRUSSELS A-192, PRIMARY THRUST GOB CONCERN REVOLVES AROUND GOVERNMENT'S EFFORTS BALANCE OFTEN OPPOSING DEMANDS OF CONSUMERS, RETAILERS, MIDDLEMEN, AND LARGE COMPANIES. BUREAUCRATIC RESPONSIBILITY FOR PETROLEUM AFFAIRS IS LARGELY CONCENTRATED IN HANDS OF MINECON AFFAIRS SECRETARY GENERAL ANDRE BAEYENS BUT EQUIVALENT CENTRALIZATION FOR POLICY DETERMINATION DOES NOT APPEAR TO EXIST. BAEYENS' INTEREST APPEARS LARGELY DEVOTED TO QUESTIONS OF PRICING AND PROPOSAL FOR JOINT BELGIAN-IRANIAN REFINERY NEAR LIEGE. MINISTER OF ECONOMIC AFFAIRS CLAES WOULD APPEAR MINISTER MOST INVOLVED FOR BROAD SUPPPQND# POLICY QUESTIONS BUT GENERAL MANAGER OF BELGIAN SHELL, WHO IS OFFICIALLY DESIGNATED INDUSTRY REPRESENTATIVE TO GOB FOR LIAISON ON OPEC NEGOTIATIONS, HAS BEEN UNABLE TO OBTAIN APPOINTMENT WITH CLAES TO REPORT ON VIENNA OIL NEGOTIATIONS.

4. FACT REMAINS THAT BELGIAN REFINERY CAPACITY IS ALMOST DOUBLE COUNTRY'S OWN NEEDS AND WAS BUILT UP IN DIRECT RESPONSE GOVERNMENT DESIRE TO CREATE EXPORT INDUSTRY. VAST MAJORITY OF EXPORTS ARE TO EC NEIGHBORS AND UNLIKELY TO BE LIMITED BY GOVERNMENT DECREE. PROBABLE RESULT OF CABINET CONCERN WILL BE TIGHTENING UP OF REGULATIONS CONTROLLING INDUSTRY'S RESPONSIBILITY TO MEET LOCAL NEEDS DURING COMING WINTER SEASON. ONE IMPLICATION FOR U.S. OF SUCH POLICY MIGHT BE CURTAILMENT OF OCCASIONAL LARGE SURPLUS WHICH CAN BE BOUGHT AS ONE TIME PURCHASES TO MEET SPECIFIC SUPPLY SHORTAGES IN U.S. (WHICH REPORTEDLY HAPPENED FALL 1972).
BOOCHEVER

NOTE BY OCT: #AS RECEIVED.

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